

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Commonwealth Edison Company)	
)	
Petition for Approval of the Energy Efficiency and)	Docket 07-0540
Demand-Response Plan Pursuant to)	
Section 12-103(f) of the Public Utilities Act)	

CITY EXHIBIT 1.0

CORRECTED DIRECT TESTIMONY OF WILLIAM F. ABOLT

ON BEHALF OF

THE

CITY OF CHICAGO

December 14, 2007

1 **DIRECT TESTIMONY OF WILLIAM F. ABOLT**
2
3

4 **Q. Please state your name and business address.**

5 A. My name is William F. Abolt. My business address is 444 N. Wells Street, Suite 602,
6 Chicago IL 60610.
7

8 **Q. By whom are you employed?**

9 A. I am employed by Shaw Environmental & Infrastructure, Inc. (“Shaw”). My job title is
10 District Manager.
11

12 **Q. What are your responsibilities in that position?**

13 A. I direct Shaw’s Chicago District, and am responsible for the management and oversight of
14 consulting operations in its three Illinois offices. Shaw provides consulting services in
15 areas including energy, environment and infrastructure. In addition to directing Shaw’s
16 Illinois offices, I am a member of Shaw’s Sustainability National Practice and provide
17 leadership to the Design and Development and Energy Efficiency/Renewable Energy area
18 of that practice. In addition to managing the Chicago District and helping to lead the
19 Sustainability National Practice, I manage and direct specific consulting assignments,
20 including but not limited to assignments involving energy efficiency, sustainable design,
21 program and regulatory analysis, budgeting, capital planning and budget optimization.
22

23 **Q. Please describe your professional background.**

24 A. I have over twenty years of experience in managing complex environmental, energy and
25 public issues, including sustainable design and development, regulatory and enforcement
26 proceedings, multi-stakeholder budget processes, state-delegated environmental
27 programs, analysis of energy efficiency and renewable energy options, green
28 infrastructure planning, site selection studies, critical infrastructure analysis, enterprise-
29 wide analysis of infrastructure and electrical system performance and multi-disciplinary
30 investigations of environmental impacts. I have been with Shaw since the spring of 2004.
31 Prior to joining Shaw, I served in a number of public sector positions, including
32 Commissioner of the Chicago Department of Environment, Director of the Office of
33 Budget and Management and Chief of Management, Office of the Mayor. In addition to
34 my current position with Shaw, I serve as an instructor in the Master of Arts in Public
35 Policy and Administration program at Northwestern University and held a similar
36 position in the College of Planning and Public Administration at the University of Illinois
37 at Chicago.

38

39 **Q. What is your educational background?**

40 A. I hold a Masters Degree in Public Administration from Northern Illinois University and a
41 Bachelor of Arts Degree in Political Science from Augustana College.

42

43 **Q. On whose behalf are you testifying?**

44 A. I am testifying on behalf of the City of Chicago (the “City”).

45 **Q. What is the purpose of your testimony?**

46 A. My testimony reviews the Energy Efficiency and Demand Response Plan (the “Plan”)
47 submitted by Commonwealth Edison Company (“ComEd”). In particular, while I believe
48 that the ComEd Plan has many positive elements, it can provide substantially greater
49 detail on its plans to leverage its proposed investments in energy efficiency with existing
50 programs and resources. Coordination with existing programs, examples of which have
51 been identified by the City, has the potential to both extend the reach of ComEd’s
52 efficiency plan and reduce the cost of program implementation.

53
54 **Q. Do you have any overall comments about concerning ComEd’s Plan?**

55 A. Yes. The City is appreciative of the hard work that ComEd dedicated to developing its
56 proposed Plan. Working under tight deadlines, ComEd committed significant time and
57 resources to develop a plan that will go far in meeting the goals included in Public Act
58 95-0481. At the same time as it was conducting the necessary analyses and drafting its
59 Plan, ComEd worked with the City and other stakeholders to solicit their input. Besides
60 the several meetings that ComEd conducted with all stakeholders, ComEd also met with
61 the City on several occasions and was available to take phone calls or answer e-mails
62 from City representatives. The City is also aware that ComEd was open to suggestions
63 and communications from other interested parties. Facing a tight timeframe, ComEd
64 expended significant resources and remained accessible and produced what is, overall, a
65 thorough and sound plan.

67 Also, the City looks forward to continuing to work with ComEd as its Plan is refined and
68 implemented. In particular, as discussed in more detail below, the City believes that
69 ComEd and the City can work together to leverage existing City programs and delivery
70 channels to reduce costs and maximize energy benefits.

71
72 Because the City is not filing testimony in Docket 07-0541, the case considering the
73 Department of Commerce and Economic Opportunity's ("DCEO") proposed Energy
74 Efficiency Portfolio and Plan, the City takes this opportunity to commend DCEO on its
75 submittal and state that the above comments apply equally to DCEO. The City thanks
76 both ComEd and DCEO for their significant efforts.

77
78 **Q. You stated that, overall, ComEd's Plan is sound. Does that mean that you believe**
79 **the Plan can be improved?**

80 A. Yes. Again, I believe that ComEd's Plan is sound and will go far in tapping the
81 significant energy efficiency and demand response resources available in Northern
82 Illinois. With that said, I believe that ComEd's Plan can be improved in several
83 important respects. These issues were addressed in the Comments that the City filed in
84 this case on November 30, 2007. My testimony focuses on four issues raised in the City's
85 Comments: (1) the need to establish a forward-going collaborative process whereby
86 ComEd will work with interested stakeholders to implement the programs approved by
87 the Illinois Commerce Commission (the "Commission") in this proceeding; (2) the failure
88 of ComEd's Plan to adequately leverage existing energy-efficiency programs to extend

the reach of the programs included in its Plan and to reduce its non-implementation costs;
(3) the ownership of environmental attributes created when the energy-efficiency
measures approved in this case are implemented; and (4) the need for building owners to
have free access to their energy consumption data so that they can use energy more
wisely.

**Q. The first issue you mentioned is the creation of a forward-going collaborative
process. What is your recommendation?**

A. I recommend that a collaborative process be established that would provide input into
developing and implementing the demand-side management portfolio approved in this
case. The Natural Resources Defense Council (“NRDC”) submitted Comments on
ComEd’s Plan that outline key elements of such a process. NRDC Comments at 2-3.
The City generally supports NRDC’s Comments on this important issue. The City wishes
to be an integral part of any such forward-going collaborative process. Accordingly, the
City asks that the Commission adopt a collaborative process modeled on the outline
included in NRDC’s Comments. The City also asks that, in its rebuttal testimony,
ComEd indicate its willingness to participate in such a process.

**Q. The second issue you mentioned is the need for ComEd to leverage existing energy-
efficiency programs. Are there opportunities for ComEd to leverage existing
energy-efficiency programs to maximize the reach and impact of its energy-
efficiency programs and decrease their implementation costs?**

111 A. Yes. In its Plan, ComEd indicates its willingness to “evaluate any potential synergies
112 between existing programs (such as those run by DCEO or other State agencies) and [its]
113 proposed programs to increase the ... cost-effectiveness of the ComEd portfolio.”
114 ComEd Plan at 11. However, for the most part, ComEd’s Plan fails to identify existing
115 programs that could be used to “to increase the cost-effectiveness of its portfolio.” In
116 comparison, the plan and testimony submitted by DCEO provide a more specific
117 identification of potential leveraging opportunities and suggested strategies to coordinate
118 with existing programs. Many of the DCEO programs, also, have lower projected
119 overhead or non-incentive costs than similar programs proposed by ComEd. As I noted
120 earlier, the City has existing programs and delivery systems that ComEd could leverage to
121 improve the cost-effectiveness of its programs.

122
123 **Q. Could you provide some examples?**

124 A. Yes, the City has conducted a review of its existing programs. That review identified a
125 number of programs that promote energy efficiency. In fiscal year 2007, the City
126 committed at least \$6.2 million to support these programs. Among the existing energy
127 efficiency programs, at least sixteen (16) serve the customer categories targeted in
128 ComEd’s plan and could be effective delivery channels for ComEd’s energy-efficiency
129 measures. I will describe three examples of programs that could be leveraged to improve
130 the scope and efficiency of ComEd’s proposals.

City-AG Peoples Gas Settlement Fund – The City offers a number of energy-efficiency programs (in cooperation with the Illinois Attorney General’s Office (the “AG”)) with funds received as part of the City’s and the AG’s settlement agreement with The Peoples Gas Light and Coke Company (“Peoples Gas”) concerning various Commission cases and consumer fraud complaints that the City and the AG had filed in the Circuit Court of Cook County. Pursuant to the settlement agreement, Peoples Gas must pay the City and the AG \$5 million per year for six years for investment in weatherization and energy-efficiency programs for low and moderate income residents. Combining ComEd’s energy efficiency funds for electric efficiency improvements and the City-AG funds for gas-related improvements would increase overall energy efficiency and help ComEd meet its energy efficiency goals. The City-AG gas energy efficiency programs are expected to serve several thousand units in 2008.

The City uses a Request For Proposal (“RFP”) process to solicit proposals for gas related energy efficiency projects. The City’s RFP caps administrative costs at 20% and requires measurement and verification. ComEd could leverage the existing City-AG funded programs to improve the efficacy of its proposed programs. For example, ComEd could work with the City to design the 2008 RFP process to include electric efficiency improvements, which would maximize energy efficiency benefits, increase market penetration and lower implementation and marketing costs.

Chicago Industrial Rebuild Program (“CIRP”) – Under the CIRP, each year the City offers energy assessments to selected energy-intensive industries. ComEd manages the program for the City by working with contractors that conduct audits of about 20 business facilities (annually) in the target industry. The audits identify energy-efficiency measures that the business owner could implement to reduce the business’s energy consumption. However, it is up to the individual business owners to fund and implement the energy efficiency-measures identified in the audits.

By building on the history of success, and the investments the City and ComEd have put into this program, the CIRP could be expanded to reach more industrial customers and to include the commercial and retail sectors. In addition, the CIRP could be modified to include funding for implementation of the energy-efficiency measures identified in the audits that are conducted.

Energy Efficiency Building Retrofit Program – In May 2007, former President Clinton announced the creation of a global Energy Efficiency Building Retrofit Program (“EEBRP”), a project of the Clinton Climate Initiative (“CCI”). This program brings together eight of the world’s largest energy service companies (“ESCO”), five of the world’s largest banks, and seventeen of the world’s largest cities in a landmark program designed to reduce energy consumption in existing buildings. As part of the EEBRP, cities have agreed to develop a program to make their municipal buildings more energy

efficient and work with private building owners to retrofit their buildings with energy-saving technologies.

The City is working with dedicated CCI staff to develop a program in Chicago. Already, the Merchandise Mart is negotiating an Energy Performance Contract for four million square feet. The Sears Tower is in the process of selecting an ESCO. The City's Department of General Services has identified ten City buildings where an ESCO will conduct an energy audit, identify energy conservation measures, guarantee energy savings and provide measurement and verification of the energy-efficiency measures implemented. The City's Department of Housing is working with CCI on a program whereby ESCOs would provide the same services described above to the large residential housing sector. A group of building owners has been identified as participants in the program. In addition, several lenders have expressed interest in funding the services that the ESCOs would provide.

The EEBRP is another program that would allow ComEd to expand the reach of its energy-efficiency programs.

These are three examples of existing programs that ComEd could leverage to increase the energy savings resulting from its energy-efficiency investments and to reduce the non-incentive costs of implementing its programs. Choosing to establish new energy-efficiency programs rather than leveraging existing programs and delivery channels such

196 as these is likely to result in higher-than-necessary non-incentive costs, thereby reducing
197 the amount of funds available for incentives.

198
199 The Commission should require that ComEd's Plan give preference to the use of existing
200 programs for delivery of energy efficiency measures, particularly if those programs
201 extend the reach of the efficiency measures and/or reduce non-incentive costs associated
202 with delivery of the energy efficiency. ComEd should adopt an approach similar to the
203 one proposed in the DCEO plan and, as appropriate, directly fund those preferred
204 programs.

205
206 **Q. The third issue you mentioned concerns the ownership of environmental attributes**
207 **created when the energy-efficiency programs approved in this case are**
208 **implemented. Please explain what you mean by this statement.**

209 A. The ComEd Plan proposes to procure energy efficiency resources to meet the energy
210 requirements contained in Public Act 95-0481. In addition to providing an energy
211 resource that can be used for compliance with the new state efficiency portfolio standard,
212 the energy efficiency resources have environmental and other attributes that have value
213 and can possibly be used to satisfy voluntary and mandatory environmental regulatory
214 requirements. The ComEd Plan does not address who owns the additional environmental
215 attributes.¹ The markets for these environmental attributes (*e.g.*, markets for carbon
216 offsets, such as the Chicago Climate Exchange) have the potential to expand at the state,

¹ This statement is also true of DCEO's plan.

217 regional and national levels. Based upon the proposed incentive levels, the City
218 recommends that ownership of all environmental attributes of the efficiency resources be
219 maintained by the incentive recipients.

220
221 **Q. The fourth issue you identified concerns free access to building energy consumption**
222 **data. Could you explain what you mean by this?**

223 A. The very number of large office buildings in Chicago use substantial amounts of energy.
224 However, there are few existing energy-efficiency programs that target this customer
225 segment. In an effort to assist business owners, the City will be partnering with the
226 Building Owners and Managers Association (“BOMA”) and ENERGY STAR® in 2008
227 to increase the energy efficiency and waste reduction efforts of commercial office space
228 in the City’s Central Business District. A key element of success for this program will be
229 access to energy consumption data. The City asks that the Commission require ComEd to
230 provide business owners free access to such data. The data is necessary so that energy-
231 efficiency measures can be more precisely designed to most efficiently meet individual
232 building owner’s needs.

233
234 The City also has been working with more than 25 local hotels to make their operations
235 more efficient and reduce their impact on the environment. The City has partnered with
236 Green Seal, the nationally recognized green products certification agent, to encourage
237 local hotels to receive Green Seal’s Hospitality Certification. The City’s goal is to have
238 the most Green Seal-certified hotels in the nation by the first quarter of 2008.

239 As part of its Plan, ComEd proposes to implement its Business Solutions program that, if
240 adopted, will focus on commercial and industrial customers. The City supports ComEd's
241 proposed Business Solutions program and agrees that it will promote energy-efficiency
242 programs and wise use of energy. However, ComEd states that its Business Solutions
243 program will not include installing interval meters for participating business owners. I
244 recommend that the Commission require ComEd to install interval meters as part of the
245 program because such meters are necessary to acquire the data necessary to properly
246 design energy-efficiency measures.

247
248 Moreover, partnering ComEd's Business Solutions program to provide energy efficiency
249 audits, commissioning, energy efficiency capital improvement recommendations, and
250 access to grant-based financing would significantly expand the impact of the City's work
251 with BOMA and the local hotels. These programs are two more example of where
252 ComEd could stretch its energy-efficiency dollar by partnering with existing or soon-to-
253 be initiated energy-efficiency efforts.

254
255 **Q. Does this conclude your testimony?**

256 **A.** Yes, it does.